

Prospectus dated September 19, 1972.

No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. The securities are offered by this prospectus only in jurisdictions where these securities may be lawfully offered.

New Issue



Unity Bank of Canada
 (A Canadian Chartered Bank)
3,000,000 shares
 par value \$5 each
 (to be evidenced by Subscription Certificates)

The shares offered hereunder will be evidenced by transferable registered Subscription Certificates pending the issuance of definitive share certificates following receipt by the Bank of approval from the Governor in Council to commence business, as referred to under the headings "Approval of Governor in Council" and "Plan of Distribution" on pages 3 and 8 respectively of this prospectus. Pending the receipt of such approval, the proceeds to the Bank of the sale of shares hereunder will be deposited in a Canadian chartered bank or banks (other than the Bank) for the benefit of subscribers. In the event that such approval shall not have been received by the Bank on or before March 29, 1973, it will cause the sum of \$9.25 per share to be remitted within approximately ninety days thereafter to the holders of Subscription Certificates registered on the books of the Bank.

	Price to Public	Underwriting Discount	Proceeds to the Bank (1)
Per Share	\$9.25	\$.62	\$8.63
Total	\$27,750,000	\$1,860,000	\$25,890,000

(1) Before deducting expenses of issue estimated not to exceed \$115,000 which are payable by the Bank.

These securities are speculative.

There is no market for the shares offered by this prospectus, and the price therefor was determined by negotiation between the Underwriter and the Bank.

Each subscriber will be required to furnish a declaration establishing facts enabling the Bank to permit the issuance or transfer of the shares offered hereby to such subscriber in compliance with the requirements of the Bank Act and the By-laws of the Bank as referred to under the heading "Restrictions on Share Ownership and Voting Rights" on page 6 of this prospectus.

We, as principals, conditionally offer these shares subject to prior sale, if, as and when received and accepted by us in accordance with the conditions contained in the underwriting agreement referred to under the heading "Plan of Distribution" on page 8 of this prospectus and subject to the approval of all legal matters on our behalf by Messrs. Fraser & Beatty of Toronto, and on behalf of the Bank by Messrs. Levinter, Whitelaw, Dryden, Bliss & Hart of Toronto, upon whose opinion our counsel will rely in respect of certain matters, and subject to the approval of the Governor in Council permitting the Bank to commence business as referred to under the heading "Approval of Governor in Council" on page 3 of this prospectus.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that Subscription Certificates will be available for delivery on or about October 10, 1972.

CONTENTS

The Bank.....	3
Approval of Governor in Council.....	3
Business of the Bank.....	4
Domestic Operations.....	4
International Banking.....	5
Capitalization.....	5
Remuneration of Directors and Senior Officers.....	5
Allocation of Proceeds.....	5
Description of Shares.....	6
Restrictions on Share Ownership and Voting Rights.....	6
Directors and Senior Officers.....	7
Principal Shareholders.....	8
Interest of Management and Others in Material Transactions.....	8
Employees' Stock Option Plan.....	8
Promoters.....	8
Plan of Distribution.....	8
Auditors, Transfer Agent and Registrar.....	9
Material Contracts.....	9
Auditors' Report.....	10
Financial Statements.....	11
Purchaser's Statutory Rights of Withdrawal and Rescission.....	14
Certificates.....	15

THE BANK

Unity Bank of Canada/L'Unité, Banque du Canada (the "Bank") is Canada's newest bank, incorporated by Special Act of the Parliament of Canada. The Act, passed by the unanimous consent of both Houses, became effective on March 29, 1972. The Bank Act of Canada is the Bank's charter.

The Bank occupies leased head office premises located at 85 Richmond Street West, Toronto, Ontario.

The Bank's authorized capital is \$20,000,000 divided into 4,000,000 shares having a par value of \$5 each.

The Bank Act provides that when a sum of not less than \$1,000,000 of authorized capital has been subscribed, and not less than \$500,000 has been paid upon subscriptions by subscribers and the provisional directors have, out of such subscriptions, deposited with the Minister of Finance the sum of \$500,000, the Bank may convene its first meeting of subscribers. The foregoing requirements were duly complied with and the first meeting of subscribers was held on June 5, 1972. At such meeting, the subscribers transacted the following business:

- (a) The date of the first annual general meeting of shareholders was scheduled for January 14, 1974.
- (b) The number of directors was fixed at not less than five nor more than fifteen and seven directors of the Bank were elected to hold office until the first annual general meeting of shareholders.
- (c) The method of filling vacancies in the Board of Directors until the first annual general meeting of shareholders was fixed whereby, in the event that a vacancy should occur, it would be filled by the remaining directors from among qualified subscribers or shareholders.
- (d) The auditors of the Bank were appointed as referred to under the heading "Auditors, Transfer Agent and Registrar" on page 9 of this prospectus.

APPROVAL OF GOVERNOR IN COUNCIL

Under the provisions of the Bank Act the Bank shall not commence the business of banking until it has obtained the approval of the Governor in Council, which approval shall be evidenced by an order in council. Such approval must be obtained within one year from the time the Bank's Act of incorporation came into force on March 29, 1972. Before obtaining such approval the Bank must establish to the satisfaction of the Governor in Council that the directors of the Bank have been duly elected, that the provisions of the Bank Act relating to subscription and payment for capital stock have been complied with, that the payment of money required under the Bank Act to be made to the Minister of Finance has been made, that all requirements of the Bank Act antecedent to the approval have been complied with and that the expenses of incorporation and organization to be borne by the Bank are reasonable.

The Bank Act provides that if, at the time the approval of the Governor in Council is applied for, less than one-half of the Bank's authorized capital has been subscribed for, the authorized capital of the Bank shall be reduced to the largest multiple of one million dollars that is not greater than twice the amount so subscribed.

The Bank is of the opinion that all of the conditions precedent to the issuance of the order in council permitting the Bank to commence business without such a reduction in authorized capital have been complied with, subject to the Bank's receipt of payment for the shares to be issued pursuant to this prospectus. The Bank proposes to apply for the issuance of such order in council forthwith after the completion of this financing.

In the event that the said order in council is not issued on or prior to March 29, 1973 all rights, powers and privileges conferred on the Bank by its Act of incorporation cease and determine and are of no force or effect and the holders of Subscription Certificates will receive a refund in respect of each share called for by the Subscription Certificates held by them as set forth under the heading "Plan of Distribution" on page 8 of this prospectus.

BUSINESS OF THE BANK

The directors of the Bank believe that Canada and its financial community are capable of accommodating an additional bank. The distinguishing feature of the Canadian banking system is the relatively small number of large banks having an extensive network of branches, operating under a single legislative jurisdiction (the Federal Government) and under one detailed and comprehensive statute (the Bank Act). With the addition of Unity Bank of Canada, there will be ten operating chartered banks in Canada managing a branch system totalling approximately 6,400 offices domestically and 275 abroad. The branch system has proved to be a particularly sound organizational structure and, in conjunction with the monitoring influence of the Bank Act and the Bank of Canada, provides the Canadian banking system with the reputation of being one of the world's strongest and safest.

Although chartered banks have in recent years shown satisfactory growth in total assets and profits, their performance since the 1967 revision of the Bank Act has improved markedly with total assets and profits after tax but before appropriations for losses (as compiled from figures published in the Bank of Canada Review of February 1972) improving at average annual rates of approximately 12.4% and 23.0% respectively for the five years ended October 31, 1971. The 1967 revision of the Bank Act provides the chartered banks with considerably greater latitude in such areas as interest rates chargeable to borrowers, reserves to loan ratios and mortgage lending. The Bank Act will again become subject to review and possible further revision in 1977.

Domestic Operations

The Bank's management proposes to develop a cosmopolitan bank responsive to the needs and requirements of communities and groups of varying ethnic and economic backgrounds. The Bank recognizes that one of the principal characteristics of Canada's population is its diverse and multi-cultural composition. It is therefore the Bank's policy that its Board of Directors should consist of individuals of varying ethnic and business backgrounds. Accordingly, the Board of Directors at the present time includes persons of Anglo-Saxon, French-Canadian, Italian, Jewish and Polish origins. The Bank has taken steps to ensure by restrictions on the transfer and voting rights attaching to its shares, as referred to under the heading "Restrictions on Share Ownership and Voting Rights" on page 6 of this prospectus, that no one individual or group may acquire an equity position so as to influence unduly the Bank and its operations.

The Bank intends to establish branches in key commercial sectors across Canada. The initial branch is expected to open in late 1972. The Bank proposes to establish some 25 branches within five years thereafter of which it is expected that three will be owned and the balance will be held under lease. The Bank's proposed branch system is intended to encourage a regional character and facilities will be designed specifically to accommodate the requirements of each region within which the Bank operates. Although the Bank intends to conduct a general branch banking business, it will concentrate its activities in the areas of personal lending and small to medium size business loan services.

The Bank has authorized and conducted studies of certain banking practices of a number of successful American banks, as they relate to branch systems and to the design of premises. The Bank proposes to introduce into its banking practice certain innovative features now employed by such banks, which will emphasize a personalized relationship between the Bank and its customers. The Bank intends to establish a pilot Personalized Banking Centre in Ontario which will implement certain of these features. The Bank intends to further emphasize its regional character by effecting lending policies that permit the redeployment of funds to regions in proportion to deposits received from such regions. Such an objective will be pursued only so far as supply and demand for funds are balanced and good banking practice is maintained.

The Bank's management expect that the first year of operations will be concerned with the hiring and training of personnel, the establishment of uniform systems, methods and procedures, the formalization of loan mix, credit administration and marketing functions, and such other functions as are attendant upon the establishment of a financial service organization.

International Banking

The Bank is aware of the significant role that Canadian banks play in international financial markets. Accordingly, the Bank will seek to establish strong correspondent bank relationships, to be supported by international representative offices, branches and joint participations in foreign operations at such time as its domestic operations are solidly based. During the initial stages, the objectives of the Bank will be to establish quality and expertise in the areas of foreign exchange, international money market operations, import and export customer facilities and international settlement and clearing arrangements.

CAPITALIZATION

	<u>Authorized</u>	<u>Outstanding July 31, 1972 (1)</u>	<u>To be Outstanding on Completion of this Financing</u>	
			<u>Partly Paid (3)</u>	<u>Fully Paid (2)</u>
Capital:				
Shares of	4,000,000 shs.	—	371,970 shs.	3,011,588 shs.
\$5 Par Value	(\$20,000,000)	—	(\$272,304)	(\$15,057,940)
Rest Account			\$10,638,335 (4)	

(1) For particulars of subscriptions received to July 31, 1972, and subsequent thereto reference is made to Note 3 to the Financial Statements on page 12 of this prospectus.

(2) Of which 3,000,000 shares will be represented by Subscription Certificates exchangeable into shares of the par value of \$5 in the capital stock of the Bank at such time as approval is granted by the Governor in Council permitting the Bank to commence business. Reference is made to Note 4 to the Financial Statements on page 13 of this prospectus.

(3) Of which 109,503 will be held by Uniban Subscriptions Incorporated as trustee under the employees' stock option plan. The Bank Act permits partly paid subscriptions for capital stock of a bank, the balance of subscriptions being callable at the discretion of the bank's directors but not in greater amounts or at shorter intervals than ten percent of the issue price every thirty days.

(4) Reference is made to Note 4 to the Financial Statements on page 13 of this prospectus.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

No remuneration has been paid by the Bank to the provisional directors or the directors and senior officers since the date of incorporation.

At such time as the Bank receives approval from the Governor in Council to commence business, the Bank will pay to its senior officers salaries accrued from the date of their engagement. It is estimated that such aggregate remuneration, if payable, as at July 31, 1972, would be \$24,168.

The shareholders of the Bank will, by By-law, fix the remuneration of the directors at the first annual general meeting of shareholders to be held January 14, 1974.

ALLOCATION OF PROCEEDS

The net proceeds from the sale of shares offered hereby evidenced by the Subscription Certificates (the "Subscription Fund") will be deposited in a Canadian chartered bank or banks (other than the Bank) for the benefit of the subscribers, pending receipt by the Bank of approval to commence business, as set forth under the heading "Plan of Distribution" on page 8 of this prospectus. Upon receipt of such approval the Subscription Fund, together with the proceeds of prior subscriptions received by the Bank, will constitute the Bank's capital funds.

Upon receipt by the Bank of its capital funds, the Bank will pay the expenses of this issue, estimated not to exceed \$115,000, and the incorporation and organization expenses incurred on behalf of the Bank as referred to in the Financial Statements forming part of this prospectus, of approximately \$376,000. The balance of the Bank's capital funds will be invested in income-bearing securities of varying maturities and will constitute the Bank's working capital to be used in its banking business. The Bank Act provides certain requirements as to the establishment of reserves which become applicable as the Bank incurs liabilities to depositors and others.

Upon commencement of business by the Bank, part of the proceeds of this issue will be used to purchase and/or lease certain fixed assets and other property required in the conduct of the Bank's business, including real estate for business purposes. Initial operating expenses of the Bank will be paid from the proceeds of this issue only to the extent (if any) that such expenses exceed initial revenues of the Bank.

DESCRIPTION OF SHARES

The shares of the par value of \$5 each are the only authorized shares of the Bank. Under the provisions of the Bank Act if the shares of the Bank are listed on any recognized stock exchange each holder thereof is entitled to one vote for each share registered in his name and if the shares of the Bank are not so listed each holder thereof is entitled at any meeting at which a vote of the shareholders is taken to one vote for each share registered in his name for at least 30 days immediately preceding such meeting. The Bank Act contains provisions preventing the exercise of voting rights in certain cases where a shareholder and his associates hold more than the number of shares permitted by the Act, or shares are held by a resident of Canada for the use or benefit of a non-resident. Each registered holder of shares is entitled to share rateably in dividends or other distributions to shareholders. All of the shares offered hereunder will be fully paid and non-assessable.

The Bank Act provides in effect that in the event of a proposed issuance of additional shares such shares shall be offered to those persons who are shareholders according to the books of the Bank, pro rata, at such price not less than par as the directors shall determine. No shares may be offered to certain ineligible shareholders to whom, however, transferable rights in respect of shares may be issued.

RESTRICTIONS ON SHARE OWNERSHIP AND VOTING RIGHTS

The Bank Act provides in effect that a bank shall refuse to allow a transfer of a share of a bank to be made in its books or to accept a subscription for shares if, after giving effect thereto, the aggregate number of shares registered in the names of non-residents would exceed 25% of the total number of shares outstanding. In addition, a bank shall refuse to allow a transfer of a share of a bank to be made to any person, or to accept a subscription for shares from any person if, after giving effect thereto, the total number of shares of the bank registered in the name of such person and in the names of other shareholders associated with him, if any, would exceed 10% of the outstanding shares of the bank.

The Bank Act further provides for the suspension of voting rights attaching to shares in the event such shares of a bank are held in contravention of such prohibition.

The Bank Act provides for certain relief from the foregoing restrictions as they relate to residents only, in the case of banks incorporated after February 17, 1965, but only upon and subject to the prior consent of the Governor in Council.

The Bank or its transfer agent will require from each subscriber for or applicant for transfer of shares of the Bank a declaration which will enable the Bank to establish that the requested subscription or transfer is not one which the Bank Act requires the Bank to refuse.

"Non-resident" is defined in the Bank Act to mean:

- (i) an individual who is not ordinarily resident in Canada,
- (ii) a corporation incorporated, formed or otherwise organized, elsewhere than in Canada,
- (iii) the government of a foreign state or any political subdivision thereof, or an agent of either,
- (iv) a corporation that is controlled directly or indirectly by non-residents as defined in any of subparagraphs (i) to (iii),

(v) a trust

(A) established by a non-resident as defined in any of subparagraphs (ii) to (iv) other than a trust for the administration of a pension fund for the benefit of individuals a majority of whom are residents, or

(B) in which non-residents as defined in any of subparagraphs (i) to (iv) have more than fifty per cent of the beneficial interest, or

(vi) a corporation that is controlled directly or indirectly by a trust defined in subparagraph (v) as a non-resident.

In addition a By-law of the Bank provides in effect that, until March 29, 1983, without the express consent of the Board of Directors of the Bank, the Bank shall refuse to allow a subscription for, or a transfer of, a share of the Bank, or of a Subscription Certificate evidencing the right to acquire a share of the Bank, to be accepted or made in its books if, after giving effect thereto, the aggregate number of shares or Subscription Certificates evidencing the right to acquire shares registered in the name of such subscriber or transferee and in the names of other shareholders associated with him, if any, would exceed $2\frac{1}{2}\%$ of the outstanding shares of the Bank (including shares called for by Subscription Certificates). Such By-law also provides that such consent of the Board of Directors with respect to shares or Subscription Certificates of the Bank may be given only if the subscriber or transferee undertakes and agrees as a condition of the granting of such consent to a reduction in the number of votes attached to such shares at all meetings of the shareholders of the Bank to that number of votes which is not more than $2\frac{1}{2}\%$ of the total number of votes attached to all outstanding shares of the Bank (including shares called for by Subscription Certificates).

DIRECTORS AND SENIOR OFFICERS

The names, home addresses, and principal occupations of the directors and officers of the Bank are set out below:

<u>NAME AND ADDRESS</u>	<u>OFFICE HELD</u>	<u>PRINCIPAL OCCUPATION</u>
Benjamin Victor Levinter, Q.C. Rural Route No. 2 Woodbridge, Ontario	Chairman of the Board and Director	Partner, Levinter, Whitelaw, Dryden, Bliss & Hart, Barristers and Solicitors
Richard Brian Higgins 1049 Indian Road, Mississauga, Ontario	President, Chief Executive Officer and Director	Banker, President and Chief Executive Officer, Unity Bank of Canada
Gordon Robert Dryden Apartment 2904 50 Alexander Street Toronto 5, Ontario	Director	Partner, Levinter, Whitelaw, Dryden, Bliss & Hart, Barristers and Solicitors
Zenon Gutkowski 2 Lorene Drive Islington, Ontario	Director	Chartered Accountant, self-employed
Gerald LaSalle, M.D. 469 Victoria Street Sherbrooke, Quebec	Vice-President and Director	Vice-President, Medical Affairs, University of Sherbrooke
Isadore Levinter, Q.C. Rural Route No. 2 Woodbridge, Ontario	Director	Partner, Levinter, Whitelaw, Dryden, Bliss & Hart, Barristers and Solicitors
Adiuto John Pianosi 14 Domenico Street Post Office Box 133 Copper Cliff, Ontario	Vice-President and Director	Executive, President, Norite Builders Ltd.

William Andrew Clarke 1350 Hillhurst Road, Oakville, Ontario	Director	Senior Vice-President, Gairdner & Company Limited
Frederick Eisen 20 Dewbourne Avenue, Toronto 9, Ontario	Director	Treasurer and Assistant-Secretary Four Seasons Hotels Limited and prior thereto predecessor companies in the Four Seasons Group.
Daniel Roe Sutherland, 85 Westbrook Drive, Edmonton, Alberta	Director	Consulting Engineer, Self-employed in the field of business management
Fred Archibald Lynds 176 Bromley Avenue, Moncton, New Brunswick	Director	Retired broadcasting executive, formerly President and General Manager, Moncton Broadcasting Limited
Lawrence Charles La Touche Jolivet 1595 Marpole Avenue, Vancouver, British Columbia	Director	President, General Bearing Limited

All of the directors and officers have held their present business affiliations for the preceeding five years with the exception of Richard Brian Higgins who has been affiliated with two major Canadian chartered banks, in one case as Deputy Manager, International Banking Division, and in the other as Managing Director and Chief Executive Officer of two international subsidiaries.

PRINCIPAL SHAREHOLDERS

No person, to the knowledge of the Bank, will own beneficially, directly or indirectly, more than ten percent of the shares of the Bank to be outstanding on the completion of this financing. At such time the directors and senior officers of the Bank as a group will own beneficially 7.3% of the outstanding shares of the Bank.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.

Mr. W. A. Clarke, a director of the Bank, is a director, officer and shareholder of Gairdner & Company Limited and as such has an interest in the Underwriting Agreement referred to under the heading "Plan of Distribution" on page 8 of this prospectus. Members of the firm of Levinter, Whitelaw, Dryden, Bliss & Hart, counsel for the Bank, have subscribed for an aggregate of 109,507 shares of the Bank.

EMPLOYEES' STOCK OPTION PLAN

109,503 shares of the Bank have been subscribed for by Uniban Subscriptions Incorporated as trustee under a stock option plan for employees of the Bank, at the price of \$8.63 per share, upon which the sum of \$45,000 on account of the aggregate subscription price therefor, has been paid. The plan will provide that eligible employees thereunder will be entitled to acquire designated numbers of partly paid shares of the Bank upon payment to the trustee of an amount equal to 10% of the subscription price of the shares being acquired.

PROMOTERS

Messrs. Benjamin V. Levinter, Q.C. and Gordon R. Dryden, directors of the Bank, are promoters of the Bank.

PLAN OF DISTRIBUTION

Pursuant to an agreement dated September 19, 1972 (the "Underwriting Agreement") the Bank has agreed to sell and Gairdner & Company Limited (the "Underwriter") has agreed to purchase on October 10, 1972 (but not later than November 1, 1972) Subscription Certificates calling for 3,000,000 shares of the par value of \$5 each in the capital of the Bank for a consideration of \$8.63 per share on the terms and conditions therein set forth.

The obligations of the Underwriter under the Underwriting Agreement are subject to the fulfilment of necessary legal requirements and may be terminated at its discretion on the basis of its assessment of the state of the financial markets and may also be terminated on the occurrence of certain stated events. Under the Underwriting Agreement the Underwriter must take up and pay for Subscription Certificates evidencing or calling for all of the shares offered hereby if any of them are purchased pursuant to the Underwriting Agreement.

The Underwriting Agreement provides that at the closing of such purchase the Underwriter will purchase from the Bank, at a price of \$8.63 per share and in accordance with the provisions of the Bank Act and the By-law of the Bank described under the heading "Restrictions on Share Ownership and Voting Rights" on page 6 of this prospectus, Subscription Certificates entitling the holders thereof to shares of the Bank upon the issuance to the Bank of the approval of the Governor in Council permitting the Bank to commence business. The proceeds to the Bank from the sale to the Underwriter of the Subscription Certificates will be deposited to the credit of the Bank in a Canadian chartered bank or banks (other than the Bank) for the benefit of the holders of the Subscription Certificates pending the issuance of the order in council granting such approval. The shares called for by the Subscription Certificates are offered without the payment of any commission by the Bank to the Underwriter. The Underwriter is offering to the public the shares of the Bank called for by the Subscription Certificates at a price of \$9.25 per share.

Upon the issuance of the aforesaid order in council, the Bank will instruct its transfer agent to give notice to the holders of Subscription Certificates registered on the books of the Bank at the close of business on the day such approval is granted, to surrender their Subscription Certificates to the transfer agent for the purpose of receiving share certificates representing equivalent numbers of fully paid shares in the capital stock of the Bank.

In the event that the Bank should not obtain the approval of the Governor in Council on or before March 29, 1973, The Canada Trust Company shall give written notice to such effect to the holders of Subscription Certificates of record on March 29, 1973. Within approximately ninety days thereafter, during which period the Bank will pay all permitted expenses and, subject to the approval of subscribers, the balance of its expenses as provided under the Bank Act, the Bank will cause to be remitted to the holders of Subscription Certificates of record on a date to be specified, the sum of \$9.25 per share evidenced by Subscription Certificates upon presentation and surrender thereof to The Canada Trust Company. A portion of the said sum of \$9.25 will comprise interest on the deposit referred to above.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The Bank Act requires shareholders of the Bank to appoint at each annual general meeting two qualified auditors (not being members of the same firm) to act as auditors of the Bank until the next annual general meeting at which time shareholders may reappoint the same persons for one further term of office; however, if, and when, the same two persons or members of their firms have served for two consecutive terms of office then one of such persons or a member of his firm may not be reappointed for at least two years next following the term for which such a person or member of his firm was last appointed. Mr. A. C. Ryley, a partner of the firm of McDonald, Currie & Co., Chartered Accountants, 120 Adelaide Street West, Toronto, Ontario and Mr. J. E. Zittler, a partner of the firm of Zittler, Siblin, Stein, Levine & Co., Chartered Accountants, 4115 Sherbrooke Street West, Westmount, Quebec, were appointed auditors of the Bank.

The transfer agent and registrar for the shares of the Bank is The Canada Trust Company, at its principal offices in Halifax, Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver.

MATERIAL CONTRACTS

Since incorporation the Bank has entered into no material contracts other than the underwriting agreement with Gairdner & Company Limited dated September 19, 1972 referred to under the heading "Plan of Distribution" on page 8 of this prospectus, a copy of which may be inspected at the head office of the Bank during the period of distribution to the public of the underwritten securities hereunder and for a period of 30 days thereafter.

AUDITORS' REPORT

To the Directors,
Unity Bank of Canada.

We have examined the statement of assets and liabilities and pro forma statement of assets and liabilities of Unity Bank of Canada as at July 31, 1972 and the statement of incorporation and organization expenses for the period ended July 31, 1972. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

- (a) the accompanying statement of assets and liabilities presents fairly the financial position of the bank as at July 31, 1972;
- (b) subject to the receipt of approval of the Governor in Council to commence business, the accompanying pro forma statement of assets and liabilities presents fairly the financial position of the bank as at July 31, 1972 after giving effect to the transactions set out in note 1 to the financial statements;
- (c) the accompanying statement of incorporation and organization expenses presents fairly the expenses of the bank for the period ended July 31, 1972.

(Signed) JACK E. ZITTRER, C.A.
of ZITTRER, SIBLIN, STEIN, LEVINE & Co.

(Signed) A. C. RYLEY, F.C.A.
of McDONALD, CURRIE & Co.

Toronto, Ontario,
September 19, 1972.

UNITY BANK OF CANADA

Statement of Assets and Liabilities and Pro Forma Statement of Assets and Liabilities As at July 31, 1972

ASSETS

	July 31, 1972	Pro forma July 31, 1972 (note 1)
	\$	\$
Cash	54,872	26,392,372
Refundable deposit with the Minister of Finance	500,000	—
Incorporation and organization expenses	376,421	—
	<u>931,293</u>	<u>26,392,372</u>

LIABILITIES

Accounts payable and accrued liabilities	374,557	374,557
Due to directors	49,236	49,236
Deposits on subscriptions for shares (note 3)	507,500	—
	<u>931,293</u>	<u>423,793</u>
Shareholders' equity:		
Capital (note 4)		
Authorized—		
4,000,000 shares of the par value of \$5.00 each		
Issued—		
3,383,558 shares	—	16,917,790
Uncalled subscriptions	—	1,587,546
Paid-up capital	—	15,330,244
Rest Account (note 4)	—	10,638,335
	<u>—</u>	<u>25,968,579</u>
	<u>931,293</u>	<u>26,392,372</u>

On behalf of the Board

(Signed) B. LEVINTER, Director

(Signed) GORDON R. DRYDEN, Director

UNITY BANK OF CANADA

Statement of Incorporation and Organization Expenses

For the Period Ended July 31, 1972

	\$
Parliamentary fees	6,301
Consultant's fees	118,653
Legal fees	153,080
Accounting and audit fees	5,500
Travel	35,984
Advertising	23,635
Executive remuneration and benefits	24,168
Office	4,398
Miscellaneous	4,702
	<u>376,421</u>

UNITY BANK OF CANADA

Notes to Financial Statements

1. PRO FORMA STATEMENT OF ASSETS AND LIABILITIES

The pro forma statement of assets and liabilities as at July 31, 1972 gives effect to the following:

- (a) Receipt of approval of the Governor in Council to commence business.
- (b) The issue and sale, pursuant to an underwriting agreement dated September 19, 1972, of 3,000,000 fully paid shares of the par value of \$5.00 each (evidenced by the issue of subscription certificates) at \$8.63 per share for \$25,890,000 cash and the crediting of \$15,000,000 thereof to capital and \$10,890,000 thereof to rest account.
- (c) The incurring of expenses of issue, estimated not to exceed \$115,000, and the charge thereof to rest account.
- (d) The issuance of 11,588 fully paid and 371,970 partly paid shares at \$8.63 per share in respect of other subscriptions for capital stock having an aggregate subscription price of \$3,310,105, and, as to the aggregate amount of \$570,000 paid on such subscriptions (of which the amount of \$62,500 was paid subsequent to July 31, 1972), the crediting of \$330,244 to capital and \$239,756 to rest account.
- (e) The refund to the Bank of the deposit of \$500,000 with the Minister of Finance.
- (f) The charge of incorporation and organization expenses to July 31, 1972 of \$376,421 to rest account.

2. APPROVAL TO COMMENCE BUSINESS

Under the provisions of the Bank Act the Bank shall not commence the business of banking until it has obtained the approval of the Governor in Council. Such approval must be obtained on or before March 29, 1973 and is dependent on certain conditions. The Bank proposes to apply for such approval after completion of the current financing and is of the opinion that all of such conditions will have been complied with.

Pending receipt of such approval the proceeds to the Bank of \$25,890,000 will be deposited in a Canadian chartered bank or banks, other than the Bank, to be held for the benefit of the subscribers to the issue.

In the event that such approval is not obtained, all the rights, powers and privileges conferred on the Bank by its Act of incorporation cease and the Bank has agreed to cause the sum of \$27,750,000 (being \$9.25 per share) to be remitted to the holders of subscription certificates. Under the provisions of the Bank Act, the Bank is precluded, unless authorized by subscribers, from making payments on account of incorporation and organization expenses prior to receipt of approval to commence business except for such expenses as are defined in the Bank Act.

3. DEPOSITS ON SUBSCRIPTIONS FOR SHARES

Subscriptions for capital stock of the Bank with an aggregate value of \$3,310,105 have been received to September 19, 1972 and are irrevocably committed unless such subscriptions are not accepted by the Bank on or before March 29, 1973. The Bank received the sum of \$507,500 prior to July 31, 1972, and \$62,500 thereafter, in respect of these subscriptions. At July 31, 1972 the subscriptions had not been accepted by the Bank.

UNITY BANK OF CANADA

Notes to Financial Statements

4. PRO FORMA CAPITAL AND REST ACCOUNTS

The pro forma capital and rest accounts at July 31, 1972 are made up as follows:

	CAPITAL		REST ACCOUNT
	Number of shares	Par value \$	\$
Issue of shares pursuant to an underwriting agreement at \$8.63 per share for an aggregate consideration of \$25,890,000.....	3,000,000	15,000,000	10,890,000
Issue of shares in respect of other subscriptions having an aggregate value of \$3,310,105, on which \$570,000 has been paid.			
Fully paid at \$8.63 per share.....	11,588	57,940	42,064
Partly paid at \$8.63 per share—			
Subscribed	371,970	1,859,850	1,350,251
	3,383,558	16,917,790	12,282,315
Uncalled balance of partly paid subscriptions.....	—	1,587,546	1,152,559
	3,383,558	15,330,244	11,129,756
Deduct—			
Incorporation and organization expenses.....	—	—	376,421
Expenses of share issue.....	—	—	115,000
	—	—	491,421
Balance as at July 31, 1972.....	3,383,558	15,330,244	10,638,335

PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Sections 64 and 65 of The Securities Act (Alberta), sections 70 and 71 of The Securities Act, 1967 (Saskatchewan), sections 63 and 64 of The Securities Act (Manitoba) and sections 64 and 65 of The Securities Act (Ontario) provide, in effect, that where a security is offered in the course of distribution to the public as referred to in such Acts:

- (a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor or his agent not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by the purchaser or his agent, and
- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide, in effect, that where a security is offered to the public in the course of primary distribution:

- (a) a purchaser, other than a company, has a right to rescind a contract for the purchase of such security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice, and
- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to the aforesaid Acts for the complete texts of the provisions under which the foregoing rights are conferred and the foregoing summary is subject to the express provisions thereof.

CERTIFICATES

Dated: September 19, 1972.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1969 (British Columbia), by Part 7 of The Securities Act (Alberta), by Part VIII of The Securities Act, 1967 (Saskatchewan), by Part VII of The Securities Act (Manitoba) and by Part VII of The Securities Act (Ontario), and the respective regulations thereunder, under the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick).

(Signed) R. B. HIGGINS
Chief Executive Officer

(Signed) ZENON GUTKOWSKI
Chief Financial Officer

On behalf of the Board of Directors

(Signed) B. LEVINTER
Director

(Signed) GORDON R. DRYDEN
Director

(Signed) B. LEVINTER
Promoter

(Signed) GORDON R. DRYDEN
Promoter

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia), by Part 7 of The Securities Act (Alberta), by Part VII of the Securities Act, 1967 (Saskatchewan), by Part VII of The Securities Act (Manitoba) and by Part VII of The Securities Act (Ontario), and the respective regulations thereunder, under the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick).

GAIRDNER & COMPANY LIMITED

By: (Signed) JOHN H. BROWN

The following includes the names of every person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of Gairdner & Company Limited: J. S. Gairdner, J. H. Brown, G. C. Watt, W. A. Clarke, J. V. Hooper, M. R. Toombs, W. A. Keyser, E. A. Lovelace and R. H. Smith.

